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SUBJECT: NAMIBIA'S LABOR PAINS

Classified By: Ambassador Dennise Mathieu for reasons 1.4 (B) and (D)

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Summary

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¶1. (C) Namibia's leading labor union federation, the National Union of Namibian Workers (NUNW), has long argued that its close relationship with the ruling South West African People's Organization (SWAPO) party ensures workers' concerns are considered when the Namibian government (GRN) crafts and implements economic policy. In practice, however, the NUNW-SWAPO alliance has served to siphon off NUNW's old guard into plum GRN and state-owned company jobs, while compromising the federation's independence. A recent NUNW organized strike at TransNamib (the state-owned rail company) ) to protest the suspension of TransNamib's CEO rather than for higher wages or improved conditions ) illustrated NUNW's confused priorities.

¶2. (C) Meanwhile, a new labor act, set to go into effect on November 1, includes populist measures that restrict employers' flexibility to hire and fire workers, which could actually exacerbate Namibia's 37 percent unemployment rate. There is also increasing frustration amongst Namibian employers and workers that the GRN overlooks Chinese construction firms that illegally employ Chinese laborers and seldom adhere to pay and safety standards on private and government contracts. While NUNW continues to enter the political fray, TUCNA, a new trade federation that emerged in 2002, is trying to supplant NUNW and restore workers, needs to the forefront of the labor movement. Parallels between South Africa's union involvement in populist politics and what is happening in Namibia are not lost on Namibian political analysts, but they argue there are differences as well. End Summary.

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Who is Organized Labor in Namibia?

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¶3. (C) With 37 percent unemployment (according to a 2005 study) many Namibians struggle to find any kind of job. Nevertheless, Namibia has long had an influential labor movement. Today the movement is comprised of over 30 unions most of which have allied themselves with one of two federations: the National Union of Namibian Workers (NUNW) or the Trade Union Congress of Namibia (TUCNA). NUNW, the older and larger of the federations, has had links to the ruling South West African People's Organization (SWAPO) party since both were active in the struggle against South Africa's apartheid regime. TUCNA, started in 2002, rejects any political party affiliations. (Comment: As SWAPO dominates Namibian politics, TUCNA's decision not to collaborate with SWAPO is in fact a strong political statement. End Comment). In some labor sectors, NUNW and TUCNA have parallel member unions. In such cases, the union that has registered a majority of a sector's workers is recognized as the sole

entity to represent workers, interests in collective bargaining.

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Labor Leadership: A Ticket to the Big Leagues  
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¶ 14. (C) A common critique of the NUNW-SWAPO alliance is that it has led top NUNW leaders to leave their union positions for senior jobs in the GRN or state-owned enterprises.

Ideally, this linkage should have made the GRN and parastatals more attuned to labor's demands. But the Labor Research and Resource Institute (LaRRI), a well respected Namibian labor think tank, argues it has not. An obvious side effect, LaRRI Director Hilma Hindondola told emboff, has been a brain drain of well-educated labor advocates from NUNW's senior ranks. Another related side effect is that it has led the new generation of union leaders to see their positions as merely a stepping stone to higher-paid and higher-power government and parastatal jobs. According to Hindondola, the placing of labor leaders into senior GRN positions has served to co-opt the labor movement. Hindondola argues that the GRN has purposefully cherry-picked labor leaders to minimize organized labor's dissent.

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Many Conflicting Interests  
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¶ 15. (C) TUCNA Acting Secretary General Mahongora Kavihuha explained to emboff that NUNW-affiliated unions own shares in public companies and NUNW leaders sit on the boards of many

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state-owned companies. Kavihuha argues these union leaders have an inherent conflict of interest since they receive compensation from these companies. LaRRI argues that NUNW initially "invested" in companies as a mechanism to raise revenues for their unions, but over time union leaders have adopted the "profit maximizing" business perspective.

¶ 16. (C) Although LaRRI was originally formed to help train labor leaders in effective labor advocacy, Hindondola recognizes that NUNW's close relationship with SWAPO has compromised the federation's independence and diminished the effectiveness of its labor advocacy. Hindondola remarked that TUCNA has come to better represent workers' demands because it stays out of politics. But TUCNA's Kavihuha states that NUNW has tried to thwart TUCNA's advocacy. He told emboff that even when a TUCNA-affiliated union qualifies as the sole collective bargaining representative for a particular labor sector, NUNW tries to muscle its way into the negotiations. Furthermore, Kavihuha argues some workers feel they must join NUNW because of its links to SWAPO, or else the worker may suffer reprisals. He added that many workers will join TUCNA secretly while they are openly members of NUNW to maintain their pro-SWAPO credentials.

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Labor's Demands Subjugated to National Politics  
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¶ 17. (C) Another common critique of NUNW is that its leaders are increasingly involved in party and national politics that are unrelated to labor's concerns. A recent six-day strike at TransNamib (the state-owned rail company) illustrates how internal SWAPO party politics has infringed on the NUNW's labor advocacy role. In an unusual move, the NUNW-affiliated Namibia Transport and Allied Union (NATAU) organized the strike to protest the suspension of TransNamib CEO Titus Haimbili. A newly appointed Board of Directors, in its first meeting, had suspended Haimbili for alleged improprieties, pending an investigation. Many observers argued that Haimbili's suspension stemmed from an internal SWAPO party conflict. In response, NUNW Secretary General Evilastus Karronda accused Festus Lameck, the TransNamib Chairman who

oversaw Haimbili's suspension, of a conflict of interest and misconduct. Minister of Transport and Public Works Helmut Angula, who appointed Lameck, also came under fire from the SWAPO Party Youth League SPYL). Both are seen by leaders of the SPYL and NUNW as sympathetic to Hidipio Hamutenya, a former senior SWAPO insider who recently formed his own political party, the Rally for Democracy and Progress (RDP).

¶8. (C) The Labor District Court declared the TransNamib strike illegal, arguing NATAU had not followed appropriate procedures before initiating its action. The GRN estimates the strike cost the country N\$180 million (USD 22.5 million).

NATAU succeeded in getting Chairman Lameck suspended, but NATAU President Dawid Tjombe admitted to emboff the strike was not directly related to higher wages or better working conditions. Deputy Labor Commissioner Shikongo told emboff that in her 15 years at the Ministry of Labor she could not recall a similar strike, and expressed dismay that NUNW would use workers for an exclusively political battle

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How does the NUNW-SWAPO Relationship Help Workers?  
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¶9. (C) Given the tight bond between NUNW and SWAPO, one would expect Namibia to have a highly progressive system of labor laws and benefits for its workers. In some cases it does, but the alliance has failed to produce one of the most sought after worker benefits: a national minimum wage. Only three sectors enjoy such a benefit: construction, Security, and, farm workers. In the delicate balance between worker's rights and the needs of private enterprise, however, Namibia's labor legislation tips heavily in favor of workers, argues Tim Parkhouse, Secretary General of the Namibian Employers Federation (NEF). NEF represents employers at the tripartite Labor Advisory Council, the body that advises Parliament on the drafting of labor legislation. The other members of the Council include government and labor. This tripartite group helped draft the 2007 Labor Act which is set to go into effect November 1. The Act, which includes many changes to Namibia's labor Code, has one significant advantage over the previous code: it allows for conciliation as the first mechanism to solve disputes. The current system, which has resulted in up to three-year backlogs, relies on the courts to resolve labor disputes.

¶10. (C) As it did in a 2004 version of the Labor Act, SWAPO

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introduced last-minute provisions into the 2007 legislation without consulting the tripartite council. NEF finds two provisions quite problematic. One provision allows farm workers who have been terminated to remain on a farm/ranch owner's land up to three months after termination (or for the duration of a labor dispute). The provision makes no exception for farm workers who have been terminated for cause. Cattle ranchers, who are one of Namibia's main employers, fear they will have little recourse in removing problematic workers.

¶11. (C) Another provision in the Act would effectively ban "Labor Hire" (temporary workers, contract labor, and employment agencies). Deputy Labor Commissioner Shikongo argues the provision is needed because companies use labor hire to exploit workers. NEF's Parkhouse explained that today's labor hire industry is viewed by government as similar to the "barbaric practice" of contract labor under apartheid, although the two share little in common. Shikongo stated that labor hire workers generally receive one-fourth the pay of normal employees, with the other three-fourths of their wages going to labor hire company owners. She added that companies view labor hire workers as expendable. Emboff explained that in most countries temporary workers fill an important niche by giving companies the ability to contract labor for short-term projects and often gives young workers

their first chance to make money and gain experience.  
(Comment: Unemployment amongst Namibia's young adult population is as high as 60 percent. With many people, young and old, employed by labor hire companies, the 2007 Act could have the entirely unintended side effect of exacerbating unemployment. End Comment).

¶12. (C) Shikongo acknowledged that there were potentially positive aspects to labor hire, but that the negatives outweighed them in the Namibian context. When pressed on why the Act simply did not attempt to regulate the labor hire industry, Shikongo responded that the GRN did not have the resources to enforce such regulations. NEF's Parkhouse explained to emboff that the labor hire provision may not go into effect because its constitutionality is being challenged in the courts.

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Tough Laws, Lax Enforcement  
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¶13. (C) While Namibia has generally worker-friendly laws, enforcement is not consistent. For example, Namibian business people, workers and GRN officials have complained that the GRN does not effectively enforce worker safety and compensation rules on Chinese construction companies. Chinese companies often fail to pay Namibian employees the appropriate minimum wage and fail to provide proper safety gear. Furthermore, according to the NEF and National Chamber of Commerce and Industry (NCCI), Chinese companies often employ Chinese nationals without following proper work permit procedures. Nevertheless, the GRN rarely stops or sanctions Chinese companies for flouting the Namibian labor code. Namibian companies claim they cannot compete with Chinese firms who underbid them on government contracts because they do not pay fair wages and skimp on safety. Deputy Labor Commissioner Shikongo, who indirectly is responsible for enforcing the labor code, argues her Ministry does not have the resources (less than 40 inspectors for the entire country) to adequately police the problem. She also referred to corruption in the government tendering process ) a frequent criticism of the business community as well.

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Comment  
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¶14. (C) The linkage between NUNW and SWAPO's more populist faction mirrors in many ways the relationship between the ruling African National Congress (ANC) and the Congress of South African Trade Unions (COSATU). Former SWAPO Politburo member and Hamutenya supporter Hartmut Ruppel argues it is not today's South African context that is influencing Namibia but, rather, the legacy of apartheid in both countries that has led their respective liberation movements to similar political ends. Ruppel told the Ambassador in a September 24 meeting that the failure of both the ANC and SWAPO to govern (administer) in a way that provides adequate economic opportunities for previously disadvantaged groups has resulted in frustration and rivalries within both ruling parties. This has allowed for the emergence of more populist factions, Ruppel argues.

¶15. (C) Unlike in South Africa where Jacob Zuma's ascendance  
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directly benefited from labor's (and other populist) support, Ruppel and others do not see one figure emerging from the current tensions within SWAPO. While many suspect Founding President Sam Nujoma is behind some of the conflict, he is not likely to make a direct political comeback. It is therefore unclear who immediately stands to gain from the NUNW decision to promote the TransNamib strike and to ally itself with the populist anti-Hamutenya SPYL. TUCNA has emerged as an independent voice for labor, and Acting TUCNA Secretary General Kavihuha states his federation is growing

and has registered some 70,000 members. If Kavihuha's numbers are correct, TUCNA, in theory, could be competitive with NUNW in representing workers' demands. This indicates that some Namibian workers have grown tired of NUNW's focus on politics. End Comment.

MATHIEU